

The following described lands will be offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, beginning at 9:00 am, December 6, 2006.

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
Chouteau								
1	1, 2, 3, 4, 5, 6	24.N	3.E	16	All	* 640.00	_____	_____
2	1, 2, 3, 4, 5, 6	24.N	3.E	19	SE4NE4, NE4SE4	* 80.00	_____	_____
3	1, 2, 3, 4, 5, 6	24.N	3.E	30	Lot 4, NW4SE4, E2SW4	142.51	_____	_____
4	1, 2, 3, 4, 5, 6	24.N	3.E	31	SE4NE4	40.00	_____	_____
5	1, 2, 3, 4, 5, 6	24.N	3.E	32	NW4NW4, S2NW4, NE4SE4, S2SE4	* 240.00	_____	_____
6	1, 2, 3, 4, 5, 6	24.N	3.E	33	NW4SW4	* 40.00	_____	_____
7	1, 2, 3, 4, 5, 6	24.N	3.E	36	All	* 640.00	_____	_____
8	1, 2, 3, 4, 5, 6	24.N	4.E	16	All	* 640.00	_____	_____
Daniels								
9	1, 2, 3, 4, 5, 6	34.N	47.E	11	NW4, SE4, N2SW4	400.00	_____	_____
10	1, 2, 3, 4, 5, 6	34.N	47.E	13	N2NW4, SW4NW4, E2	440.00	_____	_____
11	1, 2, 3, 4, 5, 6	34.N	47.E	14	S2NW4, SW4NE4, NW4SE4, N2SW4	240.00	_____	_____
12	1, 2, 3, 4, 5, 6	34.N	47.E	36	All	640.00	_____	_____
Gallatin								
13	2, 3, 4, 5, 6, 14	5.N	5.E	36	All	640.00	_____	_____
Garfield								
14	1, 2, 3, 4, 5, 6, 7	20.N	39.E	16	All	640.00	_____	_____
Glacier								
15	1, 2, 3, 4, 5, 6	32.N	5.W	12	SW4	* 160.00	_____	_____
Golden Valley								
16	1, 2, 3, 4, 5, 6, 7	5.N	23.E	14	All	640.00	_____	_____
17	1, 2, 3, 4, 5, 6	5.N	23.E	16	All	640.00	_____	_____
18	1, 2, 3, 4, 5, 6, 7	5.N	23.E	22	All	* 640.00	_____	_____
19	1, 2, 3, 4, 5, 6	5.N	23.E	24	W2, N2NE4, SW4NE4, NW4SE4	* 480.00	_____	_____
20	1, 2, 3, 4, 5, 6, 8	5.N	23.E	26	All	* 640.00	_____	_____
21	2, 3, 4, 5, 6, 14	5.N	23.E	28	S2	* 320.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
22	2, 3, 4, 5, 6, 8, 14	5.N	23.E	32	All	640.00	_____	_____
23	2, 3, 4, 5, 6, 14	5.N	23.E	34	All	640.00	_____	_____
24	1, 2, 3, 4, 5, 6, 8	5.N	23.E	36	All	* 640.00	_____	_____
Liberty								
25	1, 2, 3, 4, 5, 6, 11	35.N	4.E	12	W2	320.00	_____	_____
26	1, 2, 3, 4, 5, 6	36.N	6.E	34	N2SE4, SW4	240.00	_____	_____
McCone								
27	1, 2, 3, 4, 5, 6	20.N	44.E	6	Lots 1 thru 7, SE4NW4, S2NE4, SE4, E2SW4	662.90	_____	_____
Phillips								
28	1, 2, 3, 4, 5, 6	23.N	24.E	16	All	640.00	_____	_____
29	2, 3, 4, 5, 6, 14	23.N	24.E	36	All	640.00	_____	_____
30	1, 2, 3, 4, 5, 6	23.N	25.E	16	All	640.00	_____	_____
31	2, 3, 4, 5, 6, 14	23.N	25.E	36	S2	320.00	_____	_____
32	1, 2, 3, 4, 5, 6	23.N	26.E	16	All	640.00	_____	_____
33	2, 3, 4, 5, 6, 14	24.N	23.E	16	All	640.00	_____	_____
34	2, 3, 4, 5, 6, 14	24.N	23.E	36	All	640.00	_____	_____
35	1, 2, 3, 4, 5, 6	24.N	24.E	16	N2, N2SE4, SW4SE4, SW4	600.00	_____	_____
36	1, 2, 3, 4, 5, 6	24.N	24.E	36	All	640.00	_____	_____
37	1, 2, 3, 4, 5, 6	24.N	25.E	16	All	640.00	_____	_____
38	1, 2, 3, 4, 5, 6	24.N	25.E	36	All	* 640.00	_____	_____
39	1, 2, 3, 4, 5, 6	24.N	26.E	9	NW4NE4, S2N2, W2SW4	* 280.00	_____	_____
40	1, 2, 3, 4, 5, 6	24.N	26.E	16	All	640.00	_____	_____
41	1, 2, 3, 4, 5, 6	24.N	26.E	17	N2, N2SE4, SE4SE4	* 440.00	_____	_____
42	1, 2, 3, 4, 5, 6	24.N	26.E	18	E2NE4	* 80.00	_____	_____
43	1, 2, 3, 4, 5, 6	24.N	26.E	20	NE4NE4	* 40.00	_____	_____
44	1, 2, 3, 4, 5, 6	24.N	26.E	21	N2NW4, SE4NW4, SW4NE4, N2SE4, SE4SE4	* 280.00	_____	_____
45	1, 2, 3, 4, 5, 6	24.N	26.E	22	SE4	160.00	_____	_____
46	1, 2, 3, 4, 5, 6	24.N	26.E	23	SW4	160.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
47	1, 2, 3, 4, 5, 6	24.N	26.E	27	NE4NW4	40.00	_____	_____
48	1, 2, 3, 4, 5, 6	24.N	26.E	36	All	640.00	_____	_____
49	1, 2, 3, 4, 5, 6	24.N	29.E	36	All	640.00	_____	_____
50	2, 3, 4, 5, 6, 14	25.N	23.E	16	Lots 1, 2, 3, 4, SE4, NE4SW4	284.92	_____	_____
51	1, 2, 3, 4, 5, 6, 7	25.N	23.E	36	All	640.00	_____	_____
52	1, 2, 3, 4, 5, 6, 7	25.N	24.E	36	S2	320.00	_____	_____
Pondera								
53	1, 2, 3, 4, 5, 6	28.N	2.W	12	S2NW4, SW4NE4, NW4SE4, N2SW4	240.00	_____	_____
Roosevelt								
54	1, 2, 3, 4, 5, 6, 7	28.N	55.E	16	All	* 640.00	_____	_____
55	1, 2, 3, 4, 5, 6, 12	28.N	55.E	21	Highway tract in NE4SE4	4.61	_____	_____
56	1, 2, 3, 4, 5, 6, 12	28.N	55.E	22	Highway tract in SE4, N2SW4, SE4SW4	24.19	_____	_____
57	1, 2, 3, 4, 5, 6, 12	28.N	55.E	25	Highway tract in S2N2, N2SE4	25.41	_____	_____
58	1, 2, 3, 4, 5, 6, 12	28.N	55.E	26	Highway tract in NE4	12.89	_____	_____
59	1, 2, 3, 4, 5, 6, 7, 9	28.N	55.E	36	NW4, W2NE4, S2	560.00	_____	_____
60	1, 2, 3, 4, 5, 6, 12	28.N	56.E	25	Highway tract in NW4SW4	11.91	_____	_____
61	1, 2, 3, 4, 5, 6, 12	28.N	56.E	26	Highway tract in N2SE4	6.49	_____	_____
62	1, 2, 3, 4, 5, 6, 8	28.N	56.E	35	All	640.00	_____	_____
63	1, 2, 3, 4, 5, 6, 8	28.N	56.E	36	All	* 640.00	_____	_____
64	1, 2, 3, 4, 5, 6, 8	29.N	54.E	16	All	640.00	_____	_____
65	1, 2, 3, 4, 5, 6	29.N	55.E	16	N2NW4, SW4NW4, SE4NE4, SE4	320.00	_____	_____
66	1, 2, 3, 4, 5, 6	29.N	55.E	21	SE4SE4	40.00	_____	_____
67	1, 2, 3, 4, 5, 6	29.N	55.E	36	N2NW4	* 80.00	_____	_____
68	1, 2, 3, 4, 5, 6	29.N	58.E	29	SW4	160.00	_____	_____
69	1, 2, 3, 4, 5, 6	29.N	58.E	30	N2SE4	80.00	_____	_____
70	1, 2, 3, 4, 5, 6	29.N	58.E	32	N2NW4	80.00	_____	_____
71	1, 2, 3, 4, 5, 6, 9	30.N	55.E	16	N2, SE4, N2SW4, SE4SW4	600.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
Sheridan								
72	1, 2, 3, 4, 5, 6, 10, 13	31.N	56.E	5	Lots 1, 2, part of Medicine Lakebed	* 255.94	_____	_____
73	1, 2, 3, 4, 5, 6, 10, 13	32.N	56.E	32	Lots 5, 6, part of Medicine Lakebed	* 91.30	_____	_____
74	1, 2, 3, 4, 5, 6, 13	32.N	56.E	36	Lots 1, 2	* 56.44	_____	_____
Teton								
75	2, 3, 4, 5, 6, 15	23.N	8.W	16	All	640.00	_____	_____
76	2, 3, 4, 5, 6, 15	23.N	8.W	17	N2NE4, SE4NE4	120.00	_____	_____
Toole								
77	1, 2, 3, 4, 5, 6	34.N	2.E	36	All	640.00	_____	_____
78	1, 2, 3, 4, 5, 6	34.N	3.W	16	All, less patented RR R/W, below the base of the Rierdon formation	626.23	_____	_____
Yellowstone								
79	2, 3, 4, 5, 6, 8, 14	4.N	23.E	2	SE4	160.00	_____	_____
80	2, 3, 4, 5, 6, 8, 14	4.N	23.E	4	Lots 1, 2, 3, 4, S2N2, S2	* 645.72	_____	_____
81	1, 2, 3, 4, 5, 6, 9	4.N	23.E	36	All	640.00	_____	_____

Summary by Lessor

*Dept of Natural Resources & Conservation
Dept of Transportation*

*32,045.96 Acres
85.50 Acres*

*75 Tracts
6 Tracts*

Lease Sale Summary

Total Acres for Lease	32,131.46
Total Tracts for Lease	81

* Part or all of tract is not state-owned surface

Additional lease stipulations are listed on the following pages. The STIP column on the lease sale list identifies which stipulations will be attached to each tract.

Sight drafts will not be accepted. The State Board of Land Commissioners reserves the right to reject any and all bids. All payments are due within ten days after the date of sale.

Individuals with disabilities needing assistance or special services, please call Julie David at (406) 444-4576 at least 1 week prior to the sale.

STATE BOARD OF LAND COMMISSIONERS

Stipulations

1. Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
2. Prior to the drilling of any well, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.

3. The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
4. The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.
5. The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
6. If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
7. Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.
8. The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.
9. Due to the floodplain/wetlands area(s), surface use may be restricted or denied.
10. This tract contains non-navigable river/lake bed(s). The State, as a riparian owner, may have an ownership claim to adjacent river/lake bed(s) and related acreage in this tract. Upon completion of a successful well, where river or lake title or adjoining land title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.
11. This tract has (an) existing well(s) and related facilities. The lessee has 45 days from the effective date of this lease to determine whether or not to assume responsibility from the former lessee for the well(s) and any existing facilities. The lessee may not enter the well(s) until a change of operator has been filed with, and approved by, the Board of Oil and Gas Conservation. The(se) well(s) must be returned to commercial production or plugged and the well site(s) reclaimed within 6 months from the effective date of this lease.

Stipulations

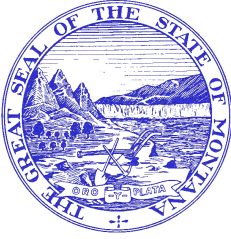
12. No surface occupancy shall be allowed on any portion of this tract, which is indicated as right-of-way on the official highway plans on file at the Department of Transportation in Helena, Montana, without prior written approval from TLMD.
13. No surface occupancy shall be allowed on this tract unless otherwise approved in writing by the Director of DNRC.
14. This lease includes areas that may be environmentally sensitive. Therefore, if the lessee intends to conduct any activities on the lease premises, the lessee shall submit to TLMD one copy of an Operating Plan or Amendment to an existing Operating Plan, describing in detail the proposed activities. No activities shall occur on the tract until the Operating Plan or Amendments have been approved in writing by the Director of the Department. TLMD shall review the Operating Plan or Amendment and notify the lessee if the Plan or Amendment is approved or disapproved.

After an opportunity for an informal hearing with the lessee, surface activity may be denied or restricted on all or portions of any tract if the Director determines in writing that the proposed surface activity will be detrimental to trust resources and therefore not in the best interests of the trust.

15. This lease is located near the Rocky Mountain Front and includes areas that are environmentally sensitive. Therefore, except as otherwise provided below, the lessee shall not conduct any surface operations on the lease premises. If the lessee determines that surface operation on the lease premises may be required, the lessee shall submit a proposed Operating Plan or Amendment to an existing Operating Plan to the State Board of Land Commissioners describing in detail the proposed operations. No surface activities shall occur on the lease premises unless and until the Operating Plan or Amendment is approved by the Board. In determining whether to approve the proposed Operating Plan or Amendment, the following provisions shall apply:
 - 1) If the lessee proposes an activity that does not entail any significant surface disturbance, the Board may approve the same after completion of the appropriate environmental review in accordance with the Montana Environmental Policy Act (MEPA) and an opportunity for public comment on the proposed activity has been provided.
 - 2) Before the Board approves any proposed activity on the lease premises that entails a significant surface disturbance, an environmental impact statement (EIS) shall be completed in accordance with MEPA. The EIS shall analyze the potential impacts of alternative and future potential levels of oil and gas development and extraction on an ecosystem scale as the ecosystem is defined by the "Limits of Acceptable Change - Bob Marshall Wilderness Complex" adopted by the Montana Department of Fish, Wildlife and Parks in December 1991. The analysis shall consider all relevant information, which may include, but is not limited to, existing environmental reviews and management plans. Public involvement in the environmental review process shall be actively solicited by the preparer of the environmental review document and shall include, at minimum, adequately noticed public meetings in at least three communities including Great Falls and Helena.
 - 3) The proposed surface activity shall adhere to the "Interagency Rocky Mountain Front, Wildlife Monitoring/Evaluation Program, Management Guidelines for Selected Species" adopted by the Montana Department of Fish, Wildlife and Parks in September 1987, or any successor guidelines thereto.
 - 4) The Board may refuse to approve any proposed surface operations if it determines that they do not constitute the best use of trust resources or are not in the best interest of the State of Montana.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Trust Land Management Division



BRIAN SCHWEITZER, GOVERNOR

1625 ELEVENTH AVENUE

DIRECTOR'S OFFICE (406) 444-2074
TELEFAX NUMBER (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

TO ALL INTERESTED PARTIES:

RE: March 6, 2007 Oil and Gas Lease Sale

In order to give as much advance notice as possible, this notice is to advise that the date of the March 2007 Oil and Gas Lease Sale has been set for **TUESDAY, MARCH 6, 2007**, at 9:00 A.M. in the auditorium of the Department of Transportation building at 2701 Prospect Avenue, Helena, Montana, east of the interstate highway. Please call the Department of Natural Resources and Conservation for detailed directions, if necessary.

The deadline filing date for submitting applications on tracts to be nominated for the sale in March is 5:00pm on December 26, 2006. Applications must be received in this office by that date. If you have any questions, please contact me at jdavid@mt.gov or (406) 444-4576.

Julie David, Supervisor
Mineral Leasing Section
Minerals Management Bureau